

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JURISDICTIONAL STATUS OF BRIGHT'S PROPANE)
COMPANY'S PROPANE DISTRIBUTION SYSTEM) CASE NO. 90-091

O R D E R

In response to a telephone call from Western Kentucky Gas Company ("Western"), Commission Staff witnessed a pressure test conducted April 7, 1989 on pipeline installed by Bright's Propane Company ("Bright's"). Bright's, located in Burgin, Kentucky, has installed gas distribution lines throughout Old Bridge Subdivision ("Old Bridge") in Boyle County, Kentucky, which will be used to provide propane to customers in Old Bridge. Staff determined that the pipelines were installed to Western's construction standards which meet the requirements of Commission Regulation 807 KAR 5:022. Western performed the pressure test in the event it decides to purchase the system in the future to provide natural gas to the area.

On May 31, 1989, the Commission received a letter from an anonymous person who stated that Bright's had installed gas distribution lines throughout Old Bridge. On August 29, 1989, Staff requested additional information from Bright's. Bright's responded on September 13, 1989 with a description of the current status of propane service to Old Bridge. According to Bright's, approximately 7500 feet of two-inch plastic pipe has been

installed through which propane is distributed and sold to six customers. Bright's charges these customers a rate for the propane service but the amount is unknown.

Staff has also determined that negotiations have been held between Bright's and Western wherein Western would purchase Bright's Old Bridge propane system and convert the service to natural gas. However, these negotiations have not borne fruit.

On October 11, 1989, Staff advised Bright's that its propane service to Old Bridge was a utility activity jurisdictional to the Commission pursuant to KRS 278.010(3)(b) and (c). During an October 25, 1989 informal conference, Staff met with representatives of Bright's to discuss the necessary filings Bright's would need to submit to the Commission as a public utility. As of March 6, 1990, the number of customers in Old Bridge served by Bright's was 14.

KRS 278.010(3) in pertinent part defines a utility as:

Any person except a city, who owns, controls or operates or manages any facility used or to be used for or in connection with . . . (b) the production, manufacture, storage, distribution, sale or furnishing of natural or manufactured gas, or a mixture of same, to or for the public, for compensation . . . (c) the transporting or conveying of gas, crude oil or other fluid substance by pipeline to or for the public, for compensation.

Propane is a type of manufactured gas which can be produced by extraction from natural gas or by reforming of natural or liquefied petroleum gases.

Therefore, the Commission finds that a prima facie showing has been established that Bright's is a utility within the meaning of KRS 278.010 because it provides manufactured gas to the public for compensation.

IT IS THEREFORE ORDERED that:

1. A hearing be and it hereby is scheduled for May 11, 1990, at 10:00 a.m., Eastern Daylight Time, in the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky. The purpose of the hearing shall be to provide Bright's the opportunity to present additional evidence it feels is relevant to the Commission's decision herein.

2. No later than 10 days prior to the hearing date Bright's shall file copies of all exhibits it intends to enter into the record at the hearing and a list of each witness who will appear with the summary of their testimony or prefiled testimony.

3. As an alternative to participating in the scheduled hearing, Bright's may file with the Commission no later than 10 days prior to the hearing date its tariffs pursuant to KRS 278.160 and otherwise comply with the Commission's laws and regulations.

Done at Frankfort, Kentucky, this 23rd day of April, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director